

Message Text

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ACTION OES-05

INFO OCT-01 ARA-06 EUR-12 ISO-00 FEA-01 ACDA-05 CIAE-00

INR-07 IO-11 L-03 NSAE-00 NSC-05 EB-07 NRC-05 DODE-00

OMB-01 TRSE-00 /069 W

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R 171145Z MAR 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 4867

INFO USDOC WASHDC

USERDA WASHDC

AMEMBASSY OTTAWA

C O N F I D E N T I A L BUENOS AIRES 1752

E.O. 11652: GDS

TAGS: TECH, AR

SUBJECT: PROPOSED ARGENTINE HEAVY WATER PRODUCTION PLANT

REF: (A) 75 BUENOS AIRES 7533 (NOTAL), (B) BUENOS AIRES

7642 (NOTAL)

1. EMBASSY HAS LEARNED THAT CNEA HAS DECIDED THAT SUBJECT PLANT CAPACITY WILL BE 400 TONS/YEAR. SIZE IS BASED ON PROPOSED ARGENTINE NUCLEAR PLAN (NOT YET FULLY APPROVED BY EXECUTIVE BRANCH AND CONGRESS) WHICH CALLS FOR HAVING FOUR CANDU-TYPE UNITS COMMITTED BY 1980 AND OPERABLE BY 1990. IN CASE OF FIRST UNIT, EMBALSE, WE UNDERSTAND THAT HEAVY WATER WILL BE LEASED FROM CANADA WITH AN OPTION TO CNEA UP TO A SPECIFIED DATE TO RETURN IT TO CANADA. HENCE, CNEA CURRENTLY PLANNING TO REPLACE CANADIAN ORIGIN HEAVY WATER IN EMBALSE WITH PRODUCT OF ITS OWN PLANT. SIZE ALSO STRONGLY REFLECTS WORLD REALITIES IN THAT, BASED ON CANADIAN PLANTS, CNEA IS CONVINCED THAT 400 TONS REPRESENTS MINIMUM FEASIBLE ECONOMIC SIZE.

2. CNEA DOES NOT RPT NOT HAVE PRESIDENTIAL (READ ECON MINISTRY) APPROVAL TO BUILD PLANT AS YET. IT IS HARD
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AT WORK ON PRELIMINARIES, HOWEVER, AND PRESENTLY PLANS TO

CALL FOR BIDS "BEFORE END OF THIS YEAR." PLANT DEFINITELY
WILL BE BUILT NEAR "EL CHOCON" DAM, NEUQUEN.

3. REPRESENTATIVE OF THE LUMMUS COM. OF CANADA, LTD. IS
IN BUENOS AIRES. HE HAS VISITED PROJECT SITE AND IS VISITING
POTENTIAL ARGENTINE EQUIPMENT SUPPLIERS. WE UNDERSTAND
LUMMUS CANADA HAS GOOD EXPERIENCE IN THIS FIELD. ALSO
UNDERSTAND LUMMUS CANADA IS OWNED BY U.S. LUMMUS WHICH
OWNED BY COMBUSTION ENGINEERING. WE WOULD NOT BE SURPRISED
IF A PART 810 APPLICATION TO ERDA IS SOON FORTHCOMING ON
BEHALF OF US PERSONNEL WITH RESPONSIBILITIES IN LUMMUS.
WE UNDER IMPRESSION THAT RECENT CANADA-ARGENTINA NUCLEAR
BILATERAL PROVIDES SUITABLE UMBRELLA FOR CANADIAN PARTICI-
PATION.

4. FINANCING REMAINS A MAJOR PROBLEM. SUPPLIER FINANCING
CLEARLY DESIRED, WITH MAXIMUM POSSIBLE EXTERNAL FINANCING
FOR LOCAL EQUIPMENT. TOTAL COST OF PLANT SAID BE AROUND
\$350 MILLION.

5. COMMENT: EMBASSY VIEWS REMAIN ABOUT AS STATED REFTEL
A. IF LUMMUS CANADA IS SUCCESSFUL, IT WOULD LIKELY SEEK
BIDS INTERNATIONALLY FOR SOME EQUIPMENT AND PARTS THEREOF
WHICH NOT CAPABLE OF BEING MADE HERE. DEPT. MAY WELL
WISH CONSULT ON THIS PROJECT IN NUCLEAR SUPPLIERS GROUP.
IN THIS CONNECTION, WE UNDERSTAND THAT SULZER CO. OF
SWITZERLAND ALSO A POSSIBLE SUPPLIER, THO IT CURRENTLY
NOT AS FAVORED BY CNEA AS LUMMUS.
HILL

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Margaret P. Grafeld
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